

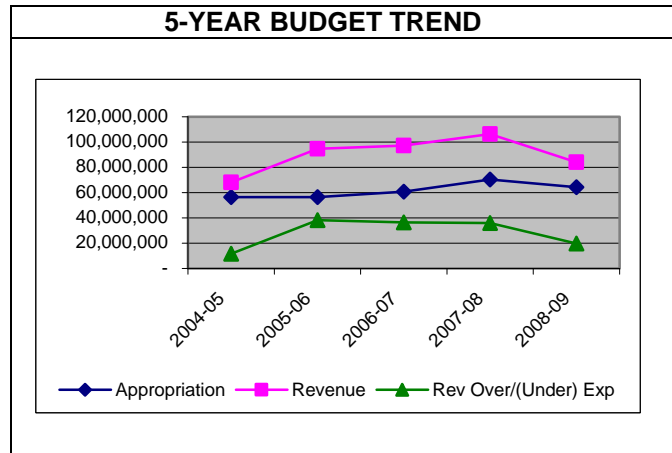
Insurance Programs

DESCRIPTION OF MAJOR SERVICES

Risk Management administers the county's self-insured workers' compensation, public liability, property conservation, safety and risk reduction programs and its insured programs. All programs are paid from self-insurance funds and financed by charging general fund and non-general fund departments, as well as Board-Governed special districts and county service areas. Each is billed for their specific coverage for the cost to pay losses under the self-insured programs and the cost of insurance for the insured programs.

There is no staffing associated with this budget unit. Staff that administers these insured programs are budgeted in Risk Management's Operations budget unit.

BUDGET HISTORY



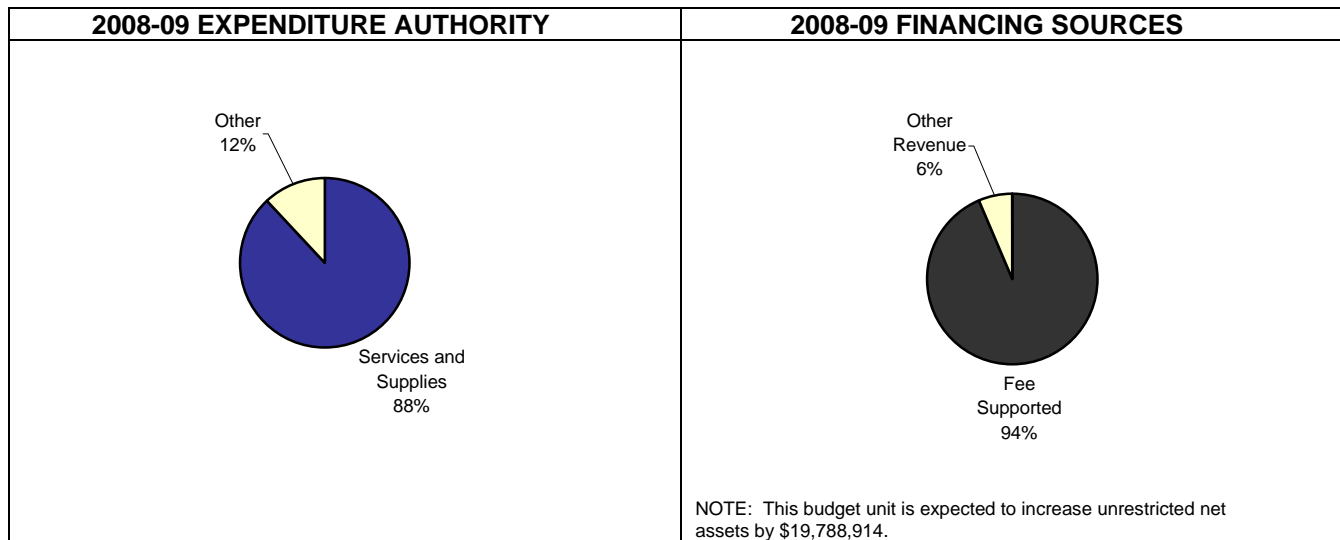
PERFORMANCE HISTORY

	2004-05 Actual	2005-06 Actual	2006-07 Actual	2007-08 Modified Budget	2007-08 Estimate
Appropriation	47,913,728	59,670,550	52,702,580	70,334,073	62,384,783
Departmental Revenue	69,026,882	100,296,168	111,608,174	106,326,183	117,428,373
Revenue Over/(Under) Exp	21,113,154	40,625,618	58,905,594	35,992,110	55,043,590
Budgeted Staffing				-	
Fixed Assets	-	-	-	-	-
Unrestricted Net Assets Available at Year End	(47,077,608)	(15,997,800)	16,160,032		88,998,920

In 2007-08, estimated appropriation is less than modified budget due to lower than projected costs for legal defense, settlements, investigations, medical treatment, and permanent and temporary disability payments.

Departmental revenue is anticipated to be greater than budget as a result of additional interest received due to increasing fund balances as a result of achieving actuarial confidence levels. Additional revenue is also the result of claims cost recoveries and excess insurance reimbursements.

ANALYSIS OF PROPOSED BUDGET



GROUP: Administrative/Executive
DEPARTMENT: Risk Management
FUND: Insurance Programs

BUDGET UNIT: VARIOUS FUNDS
FUNCTION: General
ACTIVITY: Insurance

	2004-05 Actual	2005-06 Actual	2006-07 Actual	2007-08 Estimate	2007-08 Final Budget	2008-09 Proposed Budget	Change From 2007-08 Final Budget
Appropriation							
Services and Supplies	41,822,987	48,601,816	45,834,700	54,762,778	62,781,757	56,540,250	(6,241,507)
Other Charges	414,702	339,709	349,406	448,864	380,000	452,000	72,000
Transfers	558,677	575,022	619,169	619,995	619,995	633,153	13,158
Total Appropriation	42,796,366	49,516,547	46,803,275	55,831,637	63,781,752	57,625,403	(6,156,349)
Operating Transfers Out	5,117,362	10,154,003	5,899,305	6,553,146	6,552,321	6,660,783	108,462
Total Requirements	47,913,728	59,670,550	52,702,580	62,384,783	70,334,073	64,286,186	(6,047,887)
Departmental Revenue							
Use Of Money and Prop	296,562	659,430	3,982,629	5,018,508	2,034,683	5,405,100	3,370,417
State, Fed or Gov't Aid	24,812	-	-	-	-	-	-
Current Services	68,503,274	99,288,830	105,748,141	111,879,951	104,255,000	78,620,000	(25,635,000)
Other Revenue	145,028	306,348	186,424	528,676	36,500	50,000	13,500
Total Revenue	68,969,676	100,254,608	109,917,194	117,427,135	106,326,183	84,075,100	(22,251,083)
Operating Transfers In	57,206	41,560	1,690,980	1,238	-	-	-
Total Financing Sources	69,026,882	100,296,168	111,608,174	117,428,373	106,326,183	84,075,100	(22,251,083)
Rev Over/(Under) Exp	21,113,154	40,625,618	58,905,594	55,043,590	35,992,110	19,788,914	(16,203,196)

Services and supplies of \$56,540,250 includes judgment and settlement costs, medical treatment and expenses, temporary disability and loss earnings, property insurance, and legal defense services. The \$6,241,507 decrease is due to a reduction in claims costs for litigation, investigation, property damage, and settlements.

Other charges of \$452,000 represent costs for taxes and assessments by the State of California for the workers' compensation self insurance plans.

Transfers of \$633,153 fund salary and benefit costs for six Safety Specialists and a Workers' Compensation Claims Adjuster, from various insurance funds resulting from Board of Supervisor's actions.

Operating transfers out of \$6,660,783 represent funding for the Operations Division. The \$108,462 increase is due to staffing adjustments.

Departmental revenue of \$84,075,100 includes \$78,620,000 in insurance premiums collected from user departments. The \$25,635,000 decrease results from obtaining 80% acceptable confidence levels in the self-insurance funds, as recommended by actuarial analysis. Also included is \$5,405,100 in anticipated interest earnings, which increased by \$3,370,417 based on estimated unrestricted net assets.

PERFORMANCE MEASURES				
Description of Performance Measure	2006-07 Actual	2007-08 Projected	2007-08 Estimated	2008-09 Projected
Percentage of insurance funds at 80% confidence level.	N/A	100%	100%	100%

In 2001, a commitment was made to restore the self-insured fund balances to the marginally acceptable 70% confidence level by 2008. Risk Management implemented a five year recovery plan that accounts for the liquidation of a Guaranteed Investment Contract (GIC) in the amount of \$52.5 million at the end of 2008. By the end of 2006-07, 80% of Risk Management funds had attained the 70% confidence level target. As a result of the county's favorable financial condition, the department increased the confidence levels from the marginally acceptable 70% to a more conservative 80%, as recommended by actuarial analysis. In 2008-09, these reserves are estimated to be fully restored, and premiums charged to departments will be stabilized and reduced.

